

SUSTAINABILITY REPORTING - A CHALLENGE FOR SERBIAN COMPANIES

Maja Stojanović-Blab^{1*}, Daniel Blab², Dejan Spasić³

¹International audit firm, Regensburg, Germany

²University of Regensburg, Chair of Financial Accounting and Auditing,
Regensburg, Germany

³University of Niš, Faculty of Economics, Niš, Serbia
**maja.stojanovic@hotmail.com*

Abstract

The purpose of this paper is to point out that sustainability reporting is also important for companies which are operating in developing countries, such as Serbia, but they have a lot of challenges on the road to sustainability reporting. The aim of the conducted research is to determine the level of sustainability reporting by the companies based in Serbia, to consider to which extent they are familiar with the sustainability reporting guidelines and to identify the application level of the Global Reporting Initiative (GRI) Guidelines in the preparation of sustainability reports. The research is realized by the method of descriptive statistics and correlation analysis. The results of the study show that the level of sustainability reporting by Serbian companies included in the sample is low and not satisfactory.

Key words: sustainability reporting, GRI, Serbia, non-financial information, disclosure.

ИЗВЕШТАВАЊЕ О ОДРЖИВОМ ПОСЛОВАЊУ – ИЗАЗОВ ЗА СРПСКЕ КОМПАНИЈЕ

Апстракт

Сврха овог рада је да укаже на то да је извештавање о одрживом пословању такође важно и за компаније које послују у земљама у развоју, као што је Србија, али и да оне имају пуно изазова на путу ка том извештавању. Циљ спроведеног емпиријског истраживања је да се утврди ниво извештавања о одрживом пословању компанија у Србији, да се размотри у којој су мери оне упознате са смерницама за извештавање о одрживом пословању и да се утврди ниво примене Смерница организације „Global Reporting Initiative” (GRI) у припреми извештаја. Истраживање је остварено методом дескриптивне статистике и регресионе анализе. Резултати истраживања показују да је извештавање о одрживом пословању код компанија укључених у узорак на ниском нивоу и незадовољавајући.

Кључне речи: извештавање о одрживом пословању, GRI, нефинансијске информације, обелодањивања.

INTRODUCTION

Due to the obvious changes in the natural environment, (e.g. climate change and its consequences) material effects of the global 'life-style' on the environment and a lot of social problems, there has been an increasing awareness in a lot of countries that the natural environment and its resources, as well as society at whole, are the major elements that are crucially necessary for the future of mankind. This awareness has led on one hand to regulatory activities of national and supra-national institutions and on the other to a change in the public concern about environmental and social issues. As a consequence, the concept of 'sustainable development' of societies was globally accepted as a core of national and international policy at the end of last century. This more or less global commitment and conviction has – besides other aspects – also drawn very much attention to the impact of companies' activities on the environment and society and has led to the concept that the performance of a company should not only be measured according to its financial but also environmental and social performance, meaning the positive and negative impacts on the social and natural environment.

Sustainability reporting is a very important part of today's external corporate reporting. Adequate inclusion of sustainability issues in company's reports (firstly, as a part of annual report, then environmental, sustainability, and recently integrated report) is one of the key issues for further development of corporate communications with stakeholders. That has caused the development of a large number of sustainability reporting guidelines, among which guidelines established by the Global Reporting Initiative (GRI) are the most significant, globally accepted and used one (GRI, 2016). The growing importance of sustainability reporting nowadays has been demonstrated by a number of studies conducted by audit firms such as KPMG and Ernst & Young. For Serbia, this reporting area will become especially important at the time when accession negotiations to the EU regarding this chapter are open. Sustainability reporting is relatively new for Serbian companies, and most companies are still trying to find their interest in this area and to become familiar with the sustainability reporting guidelines, reporting methods, significance of assurance etc. In order to determine the achieved level of sustainability reporting by Serbian companies, an empirical research, which part of the results will be presented in this paper, was conducted for the first time on the territory of Serbia.

THE NEED FOR SUSTAINABILITY REPORTING

The main objective of corporate reporting is to provide information relevant for decision making purposes, based on which the total value of a company can be determined (Coenenberg, Haller, & Schultze, 2016). Considering the fact that the business world and society are changing, the

traditional model of external financial reporting has not managed to successfully adapt to such evolution (Fasan, 2013). The traditional model of external financial reporting which is based on past and historical costs is not sufficient to answer to the challenges related to the realistic assessment of the economic (financial position and financial performance) and social value of the companies (non-financial performance), as well as for successful corporate governance. The next limitation of the traditional model of external financial reporting is reflected in the fact that this reporting model is entirely focused on financial information and does not include operational and planning information, as well as non-financial information about the issues such as management quality, customer satisfaction and social and environmental performance of the company (Fasan, 2013), which enable users to understand more easily the links between economic events, financial statements and factors that provide stability on the long term and sustainable growth and development of the company (Krstić, 2004). The traditional model of external financial reporting does not show the strengths and weaknesses of the business in a convincing way and provides only information about past financial performance, what represents the third limitations of this reporting model (Yongvanich & Guthrie, 2006; Fasan, 2013).

Over the last fifteen years, a series of accounting scandals (e.g. Xerox, One-Tel, Enron, WorldCom, Parmalat, AIG, Lehman Brothers) pointed out the shortcomings of the traditional model of external financial reporting (Yongvanich et al., 2006), and led to the increased awareness that there is a need for greater transparency and credibility in order to protect interests of both shareholders and stakeholders. This is also the period when corporate governance has been catapulted to the top of the political and business agenda and when the companies' responsibility to all stakeholders as well as the integration of corporate social responsibility issues into the governance of the company come to the fore (United Nations, 2004). Under these business conditions, the need to expand the traditional model of external financial reporting by including non-financial information becomes more than obvious.

Corporate social responsibility reporting (CSR reporting) or sustainability reporting (hereinafter sustainability reporting; used as equivalent terms by the United Nations Environment Programme (2013)), as an extended reporting model from the perspective of stakeholder value concept, 'aims to highlight the view that a company's consideration of only financial matters as an indicator of its success is inadequate' (Nolan, 2007, p. 2). This reporting model should include not only economic (financial indicators), but also environmental (impacts on the environment) and social aspects of the company's business (e.g. human rights, employees' rights and safety). As such, this reporting model involves extending the accountability of companies, beyond the traditional role of providing

financial information to the owners of capital, in particular, shareholders (Gray, Owen, & Adams, 1996).

Measuring and reporting on environmental and social aspects of business is one way in which companies can demonstrate their commitment to socially responsible business and behaviour towards the environment and communities in which they operate.

Social aspects of business, related to the early controversies around slavery, child labour and working conditions, have probably a longer history than environmental aspects of business, but with the growth of interest in social accounting in the 1970s, environmental issues have tended to attract greater attention (Elkington, 1999). The development path of sustainability reporting can be viewed through five crucial periods (Figure 1).

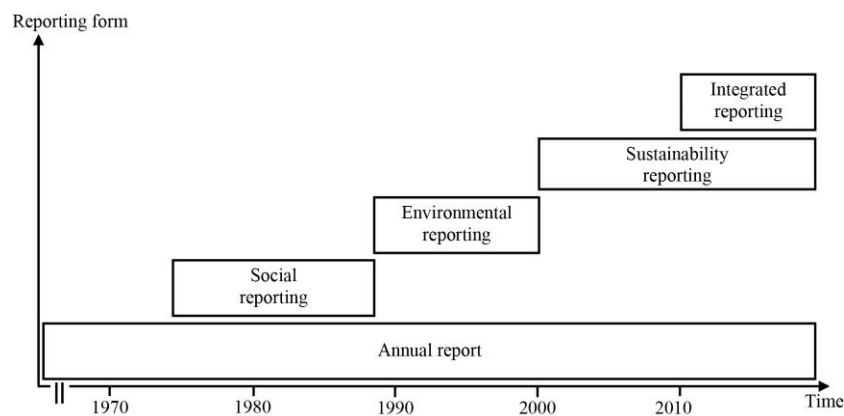


Figure 1. Crucial periods in the development of sustainability reporting

Source: Own research.

The first decade of the twenty-first century was marked by sustainability reports which companies around the world were preparing and publishing voluntarily and mainly based on the most comprehensive GRI Guidelines, unless on the national level there were no mandatory requirements in this area. Step forward compared to the sustainability reporting is integrated reporting, whose development was intensified in 2010 when the International Integrated Reporting Committee was founded. The aim of this new reporting model is to connect the traditional financial reporting with sustainability reporting in one reporting system in order to make clear integration of the value and performance dimensions of a company (Coenenberg et al., 2016). In the preparation and presentation of an integrated report, companies should adhere to the International Integrated Reporting Framework (International <IR> Framework) developed

and established by the International Integrated Reporting Committee, in 2011 renamed into the International Integrated Reporting Council (IIRC).

Different sustainability reporting rates in different countries arise primarily from regulatory policies and guidelines for reporting, adopted at the regional and national level. Unlike some voluntary reporting guidelines at the global level, such as the GRI, and at the regional level, such as The European Eco-Management and Audit Scheme (EMAS) and the 2001/453/EC European Commission Recommendation on recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of EU companies, there is a growing number of regulatory requirements at the national level. Countries with regulatory requirements have, as a rule, higher reporting rates compared to the countries in which sustainability reporting is still on a voluntary basis. For example, countries with the highest reporting rates in 2013, such as France, Denmark and South Africa, are countries with mandatory reporting requirements (KPMG, 2013). It is also to be expected that with the adoption of the new EU Directive on the disclosure of non-financial and diversity information by certain large companies (Directive 2014/95/EU, so-called CSR Directive), the differences regarding the sustainability reporting rate at the EU level will be reduced. Namely, according to this Directive large companies of public interest with more than 500 employees shall include (starting from 2017) in the management report (or separate report) information relating to environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters (Directive 2014/95/EU, art. 1, para. 1).

SERBIAN COMPANIES ON THE ROAD TO SUSTAINABILITY REPORTING

Unlike developed countries, where sustainability reporting is widely accepted, most countries in transition are in the early stages of developing such a kind of reporting, because they are facing with other challenges, like gaining experience in modern management practice or coping with limited resources (Shirokova, Berezinets, & Shatalov, 2014). Developing countries, such as Serbia, and companies that are coming from this part of the world, if they want to be successful and competitive on the global market they have to accept the concept of corporate social responsibility and to report on its environmental and social aspects of business. For example, the results from the surveys conducted in Bulgaria, Hungary, and Poland showed that in general the stakeholders are not satisfied with the level of companies' CSR performance and the provided information (Braun & Partners Network, 2008). Bearing in mind that the political target of Serbia is to become a member of the EU, the government as well as the companies have, as soon as possible, to converge with rules

and practices in the EU member states (and even with those on a global level). Financial and non-financial reporting system in Serbia, despite the constant changes over the last century, still does not ensure that companies, particularly those of public interest and listed ones, are preparing and disclosing additional sustainability reports. Serbian companies are still focused on the traditional corporate reporting, primarily because of the historical conditions of the socio-economic system development and with that the associated development of regulatory framework for financial and non-financial reporting as well as because of the reporting practice caused by such circumstances.

Historically, the normative regulation of reporting on public responsibility of companies can be found in the Commercial Law of the Kingdom of Yugoslavia from 1937. Legally created opportunities not only for reporting on public responsibility, but also on other aspects of business, have not been implemented due to the Second World War, which soon followed. Business report (comparable to management report), as a possible official report for disclosure of such information, was introduced by the regulation in 1953 (Regulation on the Accounting of Economic Organizations 1953-1954, art. 32), but without special requirements for disclosure of this additional information.

The first step towards harmonization of Serbian accounting regulation with the regulation of developed countries was made in 1989 by the Accounting Law, which is conceived in accordance with the Fourth Directive of the European Community (Stanić, 1992; Petrovic & Turk, 1995). Further convergences to the requirements of the Fourth and Seventh Directives of the EU were done with the Accounting Laws from 1993 and 1996. However, all these legislations have dominantly regulated the assessment rules and reporting forms, without requirements for disclosure of information about the environmental and social aspects of business in business report (Accounting Law 1993-1995, art. 15; Accounting Law 1996-1999, art. 11).

The codification of the IAS and IFRS was done by adoption the Accounting and Auditing Law in 2002. One characteristic of the Law from 2002 was that business report was not even mentioned, let alone given its structure in this Law. Mandatory application of the IFRS in Serbian accounting practices has contributed to its improvement, especially after the changes through the Accounting and Auditing Law from 2006 (revised in 2009 and 2011). Besides prescribing obligation for listed companies (regardless of size) to prepare and publish business report, in the first decade of the twenty-first century there was no significant progress on mandatory (and voluntary) reporting on sustainability issues (Accounting and Auditing Law 2006-2011, art. 31; Companies Law 2011-2014, art. 369; Capital Market Law 2011, art. 50).

Due to further developments the currently applicable Accounting Law from 2013 requires with the article 29 that large companies and listed companies regardless of size prepare business report, which should, among other things, include not only financial but also non-financial indicators relevant for particular type of business activity, information about employees' issues and information about investments in order to protect environment. Additionally, the Law prescribes that the business report of the listed companies should contain also an overview of the corporate governance rules. Therefore, these provisions provide a legal basis for publishing only a part of information relevant for the assessment of the economic, environmental and social aspects of the business of companies which are required to prepare this report. Due to the fact that the current Accounting Law was passed a few weeks before adopting the CSR Directive, there is a need for further harmonization between Serbian and EU accounting law.

ACHIEVED LEVEL OF SUSTAINABILITY REPORTING BY SERBIAN COMPANIES

To determine the achieved level of sustainability reporting by the companies based in Serbia, an empirical research was conducted on the territory of the country. The main aim of this study was to determine the level of sustainability reporting, to consider to which extent companies are familiar with the sustainability reporting guidelines, and to identify and analyse the application level of the most comprehensive guidelines for preparing sustainability reports, i.e. GRI Guidelines by Serbian companies.

The research was conducted using the method of survey and statistical analysis of the data obtained by empirical research. The survey was conducted from August to December 2013 by using the professional online research software *Unipark*, which enables quick and efficient data collection and fully guarantees the anonymity of the information provided. For this research we used a questionnaire that includes four groups of questions:

- the first group of the questions is related to the characteristics of the companies, such as sector affiliation, legal form, capital source and average number of employees in 2012;
- the second group of the questions concerns the application of the corporate social responsibility concept in the companies, i.e. how companies govern corporate social responsibility components (economic, legal, ethical and philanthropic responsibility), then the adoption and certification of the companies' operating system according to the requirements of certain corporate social responsibility standards and development of awareness and protection of the environment. This group consists of seven questions;

- the third group includes 11 questions related to sustainability reporting. Specifically, this group of questions relates to the consideration to which extent are the companies familiar with the sustainability reporting guidelines, then the consideration of the reporting form and time period for which the report is prepared, to which extent the GRI Guidelines are applied in the preparation of sustainability report and whether companies disclose some information regarding sustainability on their websites;

- the fourth group of questions concerns the audit or assurance of disclosed information about environmental and social aspects of business and consists of four questions. These questions were formulated in order to determine whether the companies engage a third party to assess the reliability of this information in order to increase credibility of the disclosed information and whether the report is subject to auditing or assurance.

Answers to the questions from the second, third and fourth group were evaluated with the yes/no or with Likert scale using score from 1 to 5 (from 1 = I do not agree at all, or the lowest score, to 5 = I strongly agree, or the highest score). 200 questionnaires have been sent to the companies that belong to the group of the most successful companies in Serbia according to the criteria of realized income, net realized profit and/or total assets in 2012, and that are presumed to belong to those industries from which are expected to have the greatest negative impact on the environment and society in general.¹ Out of the total number of the surveyed companies, 40 companies (20%)² have filled out the questionnaire, and the collected data was further on processed by applying certain statistical methods like the descriptive statistics and correlation analysis. The descriptive statistics are applied with the aim to ascertain the frequency of responses and mean values of some variables. The correlation analysis is used in order to demonstrate interdependence between certain variables. For the purpose of this paper we analysed same answers to the questions of the second group, which are related to the CSR concept, and to the third group of questions, which is related to sustainability reporting.

¹ Lists of 100 most successful companies in Serbia by realized income, 100 most successful companies by net profit and 100 most successful companies by total assets in Serbia in 2012 are available on the web site of the Serbian Business Registers Agency: <http://www.apr.gov.rs>, Document: <http://www.apr.gov.rs/Portals/0/GFI/Makrostaopstenja/2012/Saopstenje%20TOP%20100-komplet.pdf>.

² Through additionally conducted research the non-responding companies can be divided into two groups: 1. Non-responders with some disclosure connected to sustainability reporting (74 companies; 37%), and 2. Non-responders without any disclosure connected to sustainability reporting (86 companies; 43%).

Research Results and Discussions

When it comes to the general characteristics of companies, in the sample dominating companies are from manufacturing industry, considering the fact that 22 companies (55%) out of 40 companies belong to this sector. With regard to the legal form of companies, the largest number of companies (21 of them) have the legal form of a limited liability company (which is 52.5%), followed by 17 listed companies (42.5%) and 5% other companies (that are publicly owned companies). When it comes to the capital source, domestic owned companies represent 55% of the sample, and foreign owned companies 45%. Last general characteristic of the companies in the sample is the average number of employees in 2012 and this characteristic is the basis for further classification of the companies on small, medium and large companies. According to the average number of employees in 2012, 75% of the companies belong to the group of large companies, 15% are medium companies and 10% are small companies. The common view of all of the above mentioned general characteristics of the companies is given in Table 1.

Table 1. General characteristics of companies in the sample

<i>Criteria</i>	<i>Sub-criteria</i>	<i>Frequency</i>	<i>Percent (%)</i>
<i>Sector affiliation</i>			
	Agriculture, forestry and fishing	1	2.5
	Mining sector	1	2.5
	Manufacturing industry	22	55.0
	Electricity, gas, steam and air condition	2	5.0
	Water supply, wastewater management, controlling the process of waste removal and similar activities	1	2.5
	Construction sector	2	5.0
	Wholesale and retail trade, reparation motor vehicles and motorcycles	5	12.5
	Transport and storage	2	5.0
	Information and communication	4	10.0
	Total	40	100.0
<i>Legal form</i>			
	Limited liability companies	21	52.5
	Listed companies	17	42.5
	Others	2	5.0
	Total	40	100.0
<i>Capital source</i>			
	Domestic capital	22	55.0
	Foreign capital	18	45.0
	Total	40	100.0
<i>Average number of employees in 2012</i>			
	1 to 50 employees (small)	4	10.0
	51 to 250 employees (medium)	6	15.0
	251 and more employees (large)	30	75.0
	Total	40	100.0

In order to determine whether there is a relationship between the statement that corporate social responsibility improves the image of a good corporate citizen as well as the corporate image and the managers' assessments of the importance of the CSR components as well as the interdependence between these evaluations (second group of questions), we have applied the correlation analysis³ which results are shown in Table 2. Between this statement and the managers' assessments there is a positive correlation, which means that if the company's management is more aware of the importance of the CSR concept implementation for the company's business, it will evaluate the significance of the CSR components with a higher grade on the scale of 1 to 5. Between the statement and the managers' assessment of the importance of philanthropic responsibility there is a strong positive correlation (above 0.5) with a higher statistical significance (at 0.01 level), which supports the assertion that the relationship between these two observed characteristics is strong. In addition, the determination coefficient in this case is 42.38% which means that understanding the importance of the CSR concept implementation by the company's management explains over 42% of the variance in the managers' assessment of the importance of philanthropic responsibility, which is quite a solid part of the explained variance. A moderate positive correlation is evident between the above mentioned statement and the managers' assessment of other CSR components, whereby the relationship between this statement and the importance of economic responsibility is the weakest and has a lower statistical significance (at 0.05 level). Apart from the moderate positive correlation, the determination coefficient is lower than in the case of evaluating the importance of philanthropic responsibility, so that the understanding of the importance of the CSR concept implementation and application explains almost 21% of the variance in the managers' assessment of the importance of ethical responsibility, 22% of the variance in the assessment of the importance of legal responsibility and only 11% of the variance in the assessment of the importance of economic responsibility. Such a low determination coefficient of 11% shows that these two variables are not so closely connected, i.e. that the assessment of the importance of economic responsibility does not depend a lot on the understanding of the importance of the CSR concept implementation for the company's business.

When it comes to the interdependence between the managers' assessments of the importance of the CSR components it is evident that there is a positive correlation. The highest compliance between the responses, i.e. the managers' assessments of the importance of the CSR components exists between ethical and philanthropic responsibility (strong

³ In applying the correlation analysis in this paper we have chosen to use the Spearman correlation coefficient taking into account the size of the sample and determination of the correlation between certain evaluations.

positive correlation). Between the assessments of the importance of economic and legal responsibility, legal and ethical as well as legal and philanthropic responsibility there is a moderate positive correlation. Additionally, the correlation is statistically significant at the level of 0.01 which means that with 99% certainty we can assert that for all the companies which are operating in Serbia there is a high or moderate level of the agreement in the managers' assessment of the importance of the CSR components.

Table 2. The correlation analysis of the impact of the CSR concept on improving the image of a good corporate citizen as well as on strengthening the corporate image and the managers' assessments of the importance of the CSR components

	Economic responsibility	Legal responsibility	Ethical responsibility	Philanthropic responsibility
Impact of CSR concept	0,325*	0,469**	0,457**	0,651**
Economic responsibility	1,000	0,424**	0,025	0,151
Legal responsibility	0,424**	1,000	0,417**	0,432**
Ethical responsibility	0,025	0,417**	1,000	0,666**
Philanthropic responsibility	0,151	0,432**	0,666**	1,000

* Correlation is significant at the 0.05 level.

** Correlation is significant at the 0.01 level.

The third group of questions, related to sustainability reporting, was started with the statement that the company's management believes that the company, in addition to the traditional financial reporting, should report on the environmental and social aspects of business. Based on the results given in Table 3 it can be noticed that the management of 36 companies in the sample (90%) somewhat agree, agree or completely agree with the statement, while the management of the remaining four companies (10%) disagree or do not agree at all with this statement.

Table 3. The need for sustainability reporting

The degree of agreement	Frequency	Percent (%)
I do not agree at all	1	2.5
I disagree	3	7.5
I somewhat agree	7	17.5
I agree	17	42.5
I completely agree	12	30.0
Total	40	100.0

When it comes to the awareness and knowledge about the regulations and guidelines in the sustainability reporting area, it can be concluded that companies in Serbia are not sufficiently informed about that (Table 4). Namely, only 10 companies (25%) have assessed their awareness of the GRI Guidelines with the highest grade, two companies (5%) are completely informed about the EMAS, while six companies (15%) have given the highest grade to the awareness of the European Commission Recommendation. The mean value indicates that all companies are better informed and aware of the GRI Guidelines compared to other guidance and guidelines for sustainability reporting.

Table 4. Assessment of the awareness of the regulations and guidelines in sustainability reporting area

Sustainability reporting regulations and guidelines	Grade					Total	Mean value
	1	2	3	4	5		
GRI Guidelines							
F	4	7	10	9	10	40	3.35
%	10.0	17.5	25.0	22.5	25.0	100.0	
EMAS							
F	9	12	8	9	2	40	2.58
%	22.5	30.0	20.0	22.5	5.0	100.0	
European Commission Recommendation on recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports							
F	15	6	6	7	6	40	2.58
%	37.5	15.0	15.0	17.5	15.0	100.0	

Regarding the reporting form, disclosure of information about the environmental and social aspects of business in business report is still dominating among the companies in the sample –Figure 2. Precisely, from 40 companies in total, 16 companies (40%) are disclosing this information as a part of their business report, then 14 companies (35%) are preparing and publishing the sustainability report, four companies (10%) are publishing the environmental report, while the remaining six companies (15%) are not reporting on the environmental and social aspects of their business. The integrated report as a new reporting form on the financial and non-financial aspects of business is not prepared by the companies in the sample.

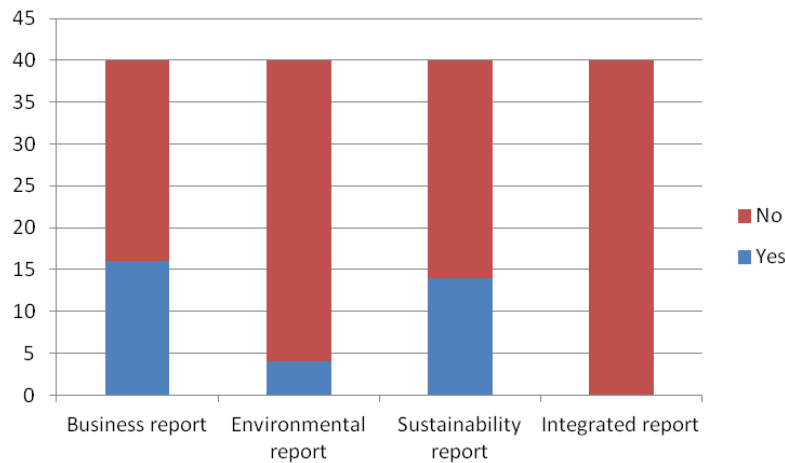


Figure 2. Reporting form on the environmental and social aspects of business

When the reporting form on the environmental and social aspects of business depending on the company's size is observed (Table 5), it can be noticed that the business report as a reporting form is prepared by small (three companies), medium (one company) and large companies (12 companies), the environmental report is typical for medium companies (three companies) and one large company, while the sustainability report is prepared and published only by large companies (14 companies). The calculated significance level $p = 0.182$ shows that there is no correlation between the business report as one reporting form and company's size, which means that companies regardless of their size are choosing this reporting form. On the other hand, a company's decision to prepare and publish a standalone environmental report or sustainability report is depending on the company's size (significance level $p = 0.002$, 0.028 respectively), so that these two reporting forms are generally chosen by medium and large companies.

Table 5. Reporting form on the environmental and social aspects of business depending on the company's size

Company's size	Business report		Environmental report		Sustainability report	
	Yes	No	Yes	No	Yes	No
Small	3	1	/	4	/	4
Medium	1	5	3	3	/	6
Large	12	18	1	29	14	16
Total	16	24	4	36	14	26
Significance level (p -value)	0.182		0.002		0.028	

The next question concerns the application of the most comprehensive and globally accepted guidelines for sustainability reporting – the GRI Guidelines by companies in the sample – (Table 6). Application of the GRI Guidelines is typical for those companies that are preparing and publishing the sustainability report (14 of them). From 14 companies in total, nine companies are preparing their sustainability report in accordance with the GRI Guidelines, and the remaining five companies in accordance with some other guidelines. The calculated significance level indicates the existence of correlation between the reporting form on environmental and social aspects of business and the choice of the guidelines for preparation of a particular report. Depending on the capital source, more than half of the companies that apply the GRI Guidelines are foreign owned companies (66.7%), while the remaining 33.3% are domestic owned companies – (Table 7). When we are looking at the application level of the GRI Guidelines, only two companies (22.2%) from nine companies in total are applying these guidelines completely, while the mean value indicates that the application of the Guidelines by all nine companies in the sample is on a relatively satisfactory level (3.89 out of 5) – (Table 8).

Table 6. Application of the GRI Guidelines in sustainability reporting

	Sustainability report		Total
	Yes	No	
Reporting in accordance with the GRI Guidelines	9	/	9
Reporting in accordance with some other guidelines	5	20	25
Do not report at all	/	6	6
Total	14	26	40
Significance level (<i>p</i> -value)	0.000		

Table 7. Application of the GRI Guidelines depending on the capital source

Capital source	Frequency	Percent (%)
Domestic capital	3	33.3
Foreign capital	6	66.7
Total	9	100.0

Table 8. Application level of the GRI Guidelines for sustainability reporting

Grade	Frequency	Percent (%)
1	/	/
2	1	11.1
3	1	11.1
4	5	55.6
5	2	22.2
Total	9	100.0
Mean value	3.89	/

If we take into account all the results presented above, we can conclude that the achieved level of sustainability reporting by the companies in the sample is low and not satisfactory. Although the management from 90% of companies in the sample agree that it is necessary to report not only on the financial aspects, but also on the environmental and social aspects of business, the companies are not sufficiently familiar with the regulations and guidelines in the sustainability reporting area and disclosure of qualitative and general information in business report is still the dominant reporting form among the companies in the sample.

CONCLUSION

In the terms of new economy there is a need for further development of external financial reporting. The information needs of all company's stakeholders are focused today not only on financial information, but also on non-financial information relating to the environmental and social aspects of business. In the time period that includes more than 40 years, sustainability reporting was evolving from disclosure of ad hoc information in annual report towards social reporting and shortly thereafter to the systematic approach and preparation of a standalone environmental report, then to the preparation of a sustainability report. In addition to the environmental aspects it includes the economic and social aspects of business as well as governance issues, to the development of a new reporting form which implies the preparation of an integrated report in which the financial statements are integrated with sustainability report. For the sustainability reporting development of crucial importance is the establishment of the GRI Guidelines at the beginning of the twenty-first century.

Unlike the developed countries, most of the developing countries are in the early stages of the sustainability reporting development. When it comes to the sustainability reporting in Serbia, financial and non-financial reporting system did not provide opportunities, in spite of constant changes over the last century, that companies (particularly the listed ones) could prepare and publish a sustainability report. Serbian companies are still focused on the traditional financial reporting, besides that at the global level sustainability reporting is constantly growing and development process of the integrated reporting model has already started. Some progress in the development of the sustainability reporting in Serbia has been achieved by the adoption of the new Accounting Law in 2013 that provides the basis for reporting on the environmental and social aspects of business, although it is not harmonized with the applicable laws of the European Union. On the basis of the conducted empirical research in period from August to December 2013 and statistical analysis of the data, it was found that the level of sustainability reporting by the companies in the sample is low and not satisfactory. Here we should have in mind that this research was related

to the year 2012, i.e. to the period before the new Accounting Law entered into force, when companies were not obligated to publish some certain information about the environmental and social aspects of business in their business report. It can be supposed, that the changes in the new Law will improve to some extent the disclosure of non-financial information by the companies based in Serbia. As shown by Cahan, De Villiers, Jeter, Naiker and Van Staden (2015) even firms in the countries with weaker institutions – comparable to Serbia – will profit from the economic advantages of the CSR disclosures, because they are exceeding the market's expectations. In contrast, the managers of the sample companies are not aware in a sufficient way that there is an interrelation between the implementation of the CSR concepts and economic responsibility. Serbian companies should change their attitude with regard to sustainability reporting, to become more familiar with the sustainability reporting guidelines and to incorporate the segment of sustainability reporting into their business systems.

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ИЗВЕШТАВАЊЕ О ОДРЖИВОМ ПОСЛОВАЊУ – ИЗАЗОВ ЗА СРПСКЕ КОМПАНИЈЕ

Маја Стојановић-Блаб¹, Даниел Блаб², Дејан Спасић³

¹Међународна ревизорска фирма, Регензбург, Немачка

²Катедра за рачуноводство и ревизију, Универзитет Регензбург, Немачка

³Универзитет у Нишу, Економски факултет, Ниш, Србија

Резиме

У условима нове економије долази до потребе реинжењеринга финансијског извештавања. Нови концепт пословања и управљања предузећем у контексту одрживости подразумева бројне промене, међу којима истичемо промене пословних приоритета и усвајање концепта друштвене одговорности од стране предузећа. У таквим условима пословања постојећи, традиционални модел финансијског извештавања својим дизајном не може у потпуности да одговори на изазове везане за реалну оцену економске и друштвене вредности предузећа.

Када је реч о извештавању о одрживом пословању, свеобухватно и најзаступљеније упутство за састављање овог извештаја на глобалном нивоу јесу смернице донете од стране Глобалне иницијативе за извештавање, о чему сведочи и податак саме организације да је 2013. године више од 1900 предузећа и организација из 76 земаља припремило и објавило извештај о одрживом развоју састављен у складу са GRI смерницама.

Република Србија, као и већина земаља у транзицији, налази се у ранијим фазама развоја друштвено одговорног пословања и понашања предузећа. У циљу утврђивања достигнутог нивоа извештавања о заштити животне средине, односно извештавања о одрживом развоју у предузећима која послују у Републици Србији, спроведено је емпиријско истраживање у периоду од августа до децембра месеца 2013. године. Резултати истраживања показали су да, иако су скоро сва анкетираниа предузећа упозната са користима које се могу остварити друштвено одговорним пословањем и понашањем, ниво извештавања о еколошким аспектима пословања од стране тих предузећа није задовољавајући. Наиме, од укупно 40 анкетираних предузећа, 16 предузећа обелодањује одређене информације о заштити животне средине у оквиру годишњег извештаја о пословању, 14 предузећа саставља извештај о одрживом развоју, 4 предузећа саставља извештај под називом извештај о заштити животне средине и 6 предузећа уопште не извештава о овим аспектима пословања. Интегрисани извештај као нови концепт извештавања о финансијским и нефинансијским перформансама пословања није заступљен код предузећа обухваћених узорком. Овде треба имати у виду да од укупно 14 предузећа која обелодањују извештај о одрживом развоју, само 9 предузећа примењују свеобухватно и најзаступљеније упутство за извештавање о одрживом развоју – GRI смернице и да у свим формама извештавања о еколошким аспектима пословања посматраним заједно доминирају показатељи потрошње материјала, енергије и воде, као и уопштени показатељи. Осталих обелодањивања у складу са поменутих смерницама нема, што упућује на закључак да је извештавање о заштити животне средине од стране предузећа која послују у Републици Србији која су укључена у узорак на ниском нивоу.